

AR20

STANDARD  
LIFE

*Canadian  
Annual  
Review*

1982

1833

## HIGHLIGHTS

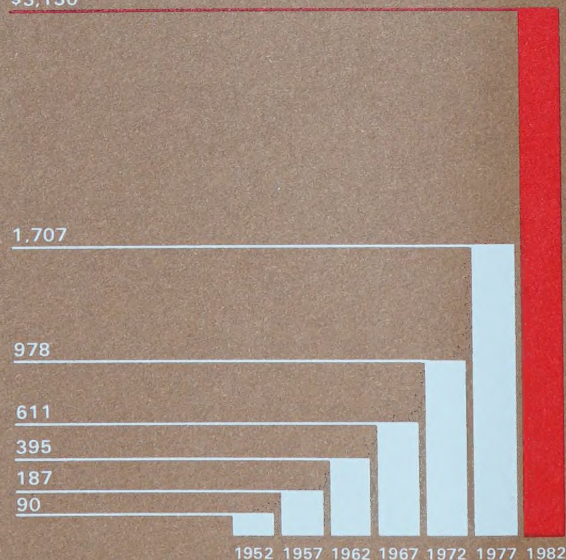
Canadian Branch Operations	1982	1981
New business—sums assured individual life assurance	\$ 589,684	\$ 425,823
Payments to policyholders and beneficiaries	295,186	386,959
Net investment income	196,606	175,643
Yield on book value of investments	11.40%	11.02%
Premiums received	344,659	306,422
Assets in Canada	3,130,494	2,792,578

## OUR GROWTH

The growth of the Company in Canada over the past thirty years is illustrated by the accompanying charts.

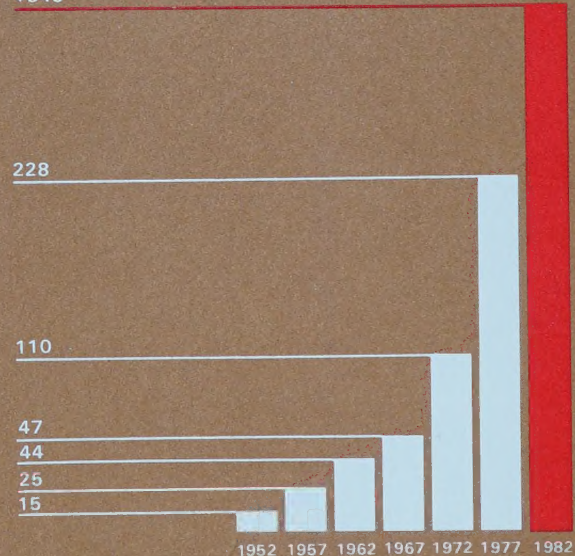
Total Assets (millions)

\$3,130



Premium Income (millions)

\$345



## 150 YEARS OF GROWTH



*Standard Life's Head  
Office for Canada  
at 151 St. James St.,  
Montreal 1856-1882.*

**T**he Standard Life Assurance Company was founded in Edinburgh, Scotland in 1825. Eight years later, in 1833, an agent was appointed to represent the Company in Quebec City. Thus, 150 years ago, Standard Life became the first life insurance company to transact business in Canada.

This year, as we celebrate our 150th anniversary in Canada, we look back with pride at the record of service and growth achieved over 150 years. The dedication of our staff and the loyalty of our policyholders have been critical ingredients in our success. Throughout the period, Standard Life has provided well for all policyholders and has made significant contributions not only to the development of the life insurance and pension industry in Canada, but to the Canadian economy as well.

In the following pages, we invite you to share with us a brief glimpse of our growth as a Company, from the pioneering days of 1833 to the growth and progress of 1983.



*Managers office  
in a photograph  
from 1894.*



**I**n 1833, the Standard Life Assurance Company of Edinburgh, Scotland appointed a representative in Quebec City to solicit applications for life insurance from the

growing population of Lower Canada. This was the Company's first venture outside of the United Kingdom. In fact, Standard Life was operating in Quebec even before its expansion into the British capital, London.

The early venture into Quebec, under the direction of Col. John Irvine, was the first for any life insurance company anywhere in Canada. Standard Life thus became Canada's first life insurance company.

The Directors of the Company, during the first few years, became even more convinced of the great potential for development in Canada and thus it was that, in 1846, they decided to expand the Canadian operations from an agency into a full-fledged branch. Alexander Davidson Parker, a young Scotsman who had some experience in the life insurance business, was appointed the first full-time Manager for Canada and dispatched to Montreal with a mandate to expand the Company's operations.

It was the *Princess Royal*, an 11,000 ton steamship built in Saint John, New Brunswick in the year 1841, that brought the first Manager of the Standard Life Assurance Company in Canada to North America.

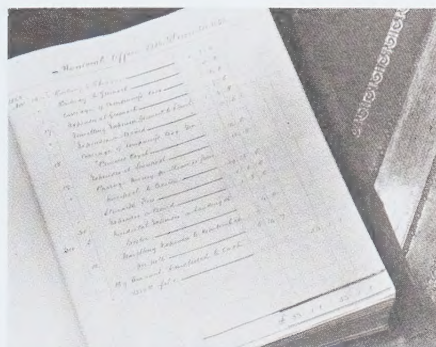
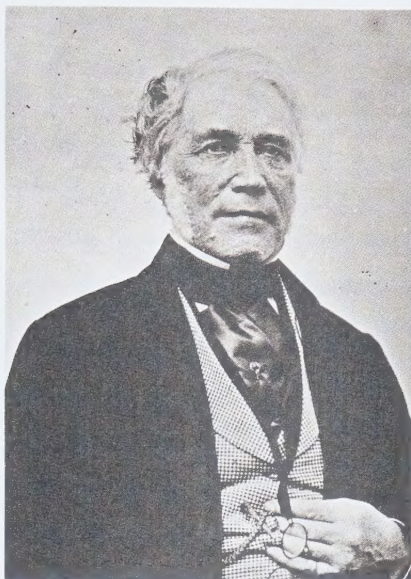
Parker sailed from Liverpool in December of 1846 to Boston and then travelled overland to Montreal, where he was to set up the first overseas branch of the Company. Parker's total expenses for the trip were 53 pounds sterling!

Shortly after his arrival in Canada, Parker arranged a meeting with Peter McGill, then the President of the Bank of Montreal, whom he persuaded to accept the position of Chairman of the Canadian Board of Directors of the Company. McGill was one of the best-known and most influential Canadians of the day. He had been a Mayor of Montreal and later served on the Executive Council under Governor-General Lord Elgin.

In the search for the finest calibre of people to serve the Company, Parker was greatly assisted by Peter McGill and by Lord Elgin who accepted the title of Chief Patron of the Standard Life. Through these connections, and the reputation that the Company had already developed as a stable financial institution, many prominent Canadians of that era were attracted to the Company, both as directors and as policyholders.

The concept of life insurance was little known and less understood in Canada in those days and it was through the hard work of the pioneer managers of the Company, together with the tremendous prestige of the local Directors, that great progress was made.

*Hon Peter McGill,  
first Chairman of the  
Canadian Board of  
Directors.*



*The first page of  
the Montreal Cash  
Book showing the  
expenses for Parker's  
voyage from Britain  
in 1846.*

Such was the esteem in which the Company was held that, among the early policyholders, we find names like those of Sir John A. MacDonald, Alexander Campbell, James Cockburn, Charles Tupper, Robert Duncan

Wilmot, John Hamilton Gray, George Brown and Alexander Galt, Fathers of Confederation. Galt also served as the fourth Chairman of the Canadian Board of Standard Life. While these men were instrumental in the founding of the Canadian nation, they were all primarily businessmen, and their talents and business acumen served the Company well in the years of growth and expansion which followed the early beginning.

Within a few years of Parker's arrival, he had managed to establish branches of the Company in New Brunswick, Nova Scotia and Ontario, appointing agents whom he trained in the business of life insurance. Meanwhile, the Directors in Canada were ensuring that investments in Canada by the Company were channelled into the economic development of the country. Particularly favoured were municipal bonds, mortgages and loans to the numerous railway companies which formed the basis for Canada's excellent railway network, and which made possible the development of Western Canada.

By the year 1859, business was progressing smoothly and insurance in force on the lives of individual Canadians stood at 500,000 pounds sterling—a substantial figure in those days. In 1885, new sales of life insurance for that year alone exceeded one million dollars. Meanwhile, the Company continued to expand its operations westward across the country and by 1863, twenty-three years before the Canadian Pacific Railway reached the West Coast, a local board of Standard Life had been established in Victoria, British Columbia. The difficulties of overland travel in Canada before the advent of the railway network did not discourage the pioneering fathers of Standard Life. At that time, the Head Office in Edinburgh had to approve most policy applications, so mail from the West Coast was sent by steamer from Victoria around the southern tip of South America to the United Kingdom. Policies, instructions and other communications coming from Edinburgh travelled the same tortuous route and it often took as long as one year between the application for a policy and the time the applicant received it. Because of these difficulties, the West Coast operations of Standard Life continued to be under the direction of Edinburgh until 1886, when the opening of the railway to general traffic east to west made it practical to place British Columbia under the direction of the Montreal-based Head Office for Canada.



*Government St., Victoria, B.C.,  
circa 1905.*

The first real estate investment by Standard Life in Canada was the purchase in 1856 of a building at 151 St. James St. in Montreal, to house its Canadian Head Office. In 1882 the company purchased the adjoining property and, incorporating the existing Head Office structure, built what has been referred to as the "first modern office building in Montreal". Some 64 years later, in 1946, the Head Office was moved north to 1245 Sherbrooke St. in Montreal, where it has been ever since.

**A**s more and more insurance companies, encouraged by the success of the Standard Life, came into existence in Canada, competition grew stronger. Yet Standard Life continued to prosper as a result of the excellent reputation it had built up as a pioneer, and because of the exceptional treatment it accorded to its policyholders. The Company, along with the rest of the industry in Canada, survived economic depressions, wars and social upheavals and continued to meet the challenges of a growing nation.

Towards the end of the second World War, Standard Life again broke new ground in Canada with the expansion of its group annuity business. At that time, only a small proportion of Canadian workers could count on an employer-sponsored pension plan to provide retirement income. Standard Life designed annuity plans which would allow employers and employees to make regular deposits on a group basis in order to generate pension income. These plans proved immensely popular and, given Standard Life's leadership in this area, the reputation of the company as an innovator was enhanced.

So successful was this development of our pension business that our payments to annuitants increased from \$55,000 per year in 1941 to \$4,000,000 in 1946. By 1982 these payments had grown to more than \$90,000,000.




This, then, is the foundation on which the Standard Life in Canada has been built—enterprise, innovation and service—and which has been responsible for the position of prominence the company continues to enjoy today in the life insurance industry in Canada.



*Passenger train in B.C.'s Rocky Mountains  
in 1887.*

## PRESIDENT'S MESSAGE TO POLICYHOLDERS

 On the eve of Standard Life's 150th anniversary in Canada, I am pleased to report that the Company continued to make substantial progress in Canada in 1982, overcoming exceedingly difficult economic conditions, to record impressive gains in most categories.

### **Economic and Fiscal Climate**

Over the past few years, the life insurance industry has been undergoing great change. Consumers have become more demanding, volatile interest rate levels have assailed the traditional assumptions on which most products are based and keen competition from other financial institutions has diverted some of the resources available for life insurance. The industry in general has been doing a commendable job of reacting to, and often anticipating, these developments over the years. We, at Standard Life, have responded by introducing new products, by increasing significantly the benefits payable under our participating policies, by seeking out new ways of providing improved service to the consumer and preparing for future developments by attempting to predict the course of change.

All of this is the normal outcome of growth, and business, to maintain its relevance to its market, must meet the ever present challenge of change. In 1982, however, the situation was anything but normal. Canada, along with most countries of the world, experienced the most chilling economic climate in years. Our markets for both individual and group coverages were seriously affected. Continuing inflation, and the need to maintain our ability to serve our clients well, required a major effort to maintain expenses at an acceptable level.

But the most severe impediment with which we had to deal during the year was the uncertainty surrounding the taxation of life insurance policies which arose out of the attempt by the Federal Government in the Budget of November 1981 to change the rules of the game. Throughout 1982, the life insurance industry, through the Canadian Life and Health Insurance Association, maintained a dialogue with the Department of Finance and Members of Parliament with a view to reversing the thrust of the Budget proposals. As a result of these efforts, many of our concerns were resolved in December 1982, with the long delayed publication of the revised tax regulations. Those of us who participated in this effort can indeed feel a sense of satisfaction at the results.

Yet the uncertainty had a most damaging effect on our sales of new business and especially on our product development efforts. New products had to be put on hold while we waited to find out the direction that Federal legislation would take, and potential clients were hesitant to commit to new life insurance arrangements while the possibility existed of incurring a greatly increased tax liability.

### **Positive Income Growth**

It is against this background that our performance as a company in 1982 must be seen and, in my view, it was very encouraging. Our total insured premium income rose by 39.7% to \$198 million. Total income, including income from investments and other sources and excluding deposits to the segregated funds, was up by 23.9%—a definite indication of strong growth as it outpaced by far the rate of inflation.

Sales of new business in 1982 were ahead of the previous year in most categories. New premiums from individual insurance were up 9.8% while the number of cases sold increased by 8.8%. When measured against the 38.5% increase in new sums assured, these figures reflect the lower priced products that are now being offered, the advent of our non-smoker term rates and the larger amounts of insurance required by individuals to provide adequate protection in an inflationary environment.

In the group division, insured premiums for pensions rose by 39.4% to top the \$100 million mark for the first time in the Company's history in Canada.

Our overall performance, given the state of the economy in 1982, is indeed a tribute to the hard work and dedication of our sales representatives who bring the products to the market, and to the hundreds of employees in Head Office and the branches who, in the final analysis, perform all the work required to design and maintain our products, and provide the quality of client service for which Standard Life has developed an enviable reputation. On behalf of the Directors and all policyholders, I wish to express sincere thanks to all of them.

#### **The Future**

The difficulties which had to be faced in 1982 will not disappear with the advent of 1983. Some uncertainties persist and the economic situation is likely to improve only

very slowly and certainly not significantly. 1983 marks for Standard Life our 150th year of service in Canada. This is a significant milestone for our Company as we were involved in the insurance industry in this country fully 14 years before anyone else. The decision to start operations in 1833 was marked by a faith in the country and a sense of adventure that has been rewarded over the past 150 years with enviable success. The present-day management and staff of the Standard Life in Canada are heirs to that legacy of faith and confidence. We shall continue to meet the challenges and opportunities of providing to our policyholders and clients the best value for money.

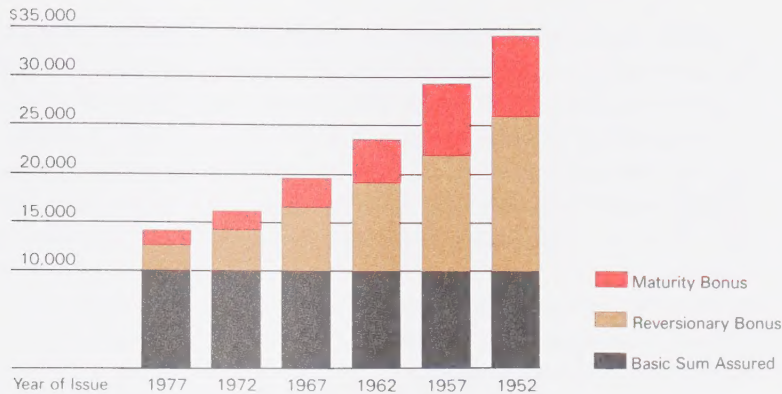
We shall continue to create the kinds of products which the consumer wants to buy, and we shall continue to invest the funds entrusted to us with a view to obtaining for our clients the optimum return consistent with an acceptable level of risk.

We take pride now in our record of 150 years and we look forward with confidence to the future.

*A.S. Fernie*

A.S. Fernie  
President,  
Canadian Operations

## OUR BONUS RECORD



The coverage under a participating Standard Life policy increases each year without any increase in the premiums. These increases in coverage are declared in the form of reversionary bonuses, which are fully paid-up additions to the basic sum assured. Thus the policy provides a constantly increasing level of coverage which counterbalances, to some extent, the effects of inflation.

In April 1982, an additional bonus was announced—The Maturity Bonus. This is payable on claims by death or maturity on policies which had been in force at least six years. As of April 1983, the Maturity Bonus will be further improved to pay up to 35% of the basic sum assured and bonuses attaching at the time of death or maturity. This is a substantial increase over last year's maximum of 25%.

The Maturity Bonus therefore significantly increases the total benefits payable on death or maturity, at a rate which increases with the length of time the policy has been in force.

The chart above shows how the coverage under our full participating policies has increased between the year of purchase indicated and 1983. The further effect of the Maturity Bonus is also shown.

For example, a policy with a basic sum assured of \$10,000 purchased in 1952 and under which a death or maturity claim arose in April 1983 would produce the following result.

Basic Sum Assured	— \$10,000
Bonuses Attaching	— 15,440
Maturity Bonus @ 35%	— 8,904
<b>Total Claim Payable</b>	<b>\$34,344</b>

Thus, in this example, the total claim payable as a result of the high rate of reversionary bonus and generous maturity bonus is **more than 3 times the original sum assured**. And the amounts continue to increase in relation to the length of time the policy remains in force.

Another reason a Standard Life participating policy is well worth keeping.

## INDIVIDUAL OPERATIONS

1982 was, in many respects, a good year for our Individual Operations in spite of a sluggish economy and the fiscal initiatives which severely limited our efforts.

**N**ew sums assured in the division were \$589,684,000—a 38.5% increase over 1981, and significantly better than the industry average of 20%. This increase is a strong reflection of the success of the introduction, in late 1981, of lower rates for non-smokers on our 5 Year Renewable and Convertible term policies. Premiums from that product increased by 274%.

Sales of individual annuities were particularly strong during the year with immediate annuities up by 217% to \$34.5 million. This is an especially noteworthy achievement. Traditionally, income averaging annuities accounted for a large percentage of individual annuity sales, but the November 1981 Budget put an end to this type of contract with the result that the industry suffered a decrease

of 10% in individual annuity business. We are particularly happy to report that Standard Life achieved a record increase due, in no small measure, to the introduction of an on-line annuity quotation system in our branches which provides quotes for our representatives and brokers almost instantaneously. We feel that this system is among the most sophisticated in the market and enables us to provide sales support and service of the highest quality.

Total insured premium income from Individual Operations increased by 51.5% to \$74.7 million largely as a result of the contribution from immediate annuities.

As has been pointed out elsewhere, our product development activities were hampered by uncertainty. The planned introduction of our universal life product was delayed until the tax treatment of life insurance policies was clarified. This product is now scheduled for introduction early in 1983 and should make a major contribution to our sales figures.

Much attention was given again to upgrading the skills of our representatives. As the consumer becomes more and more sophisticated, life underwriters must improve their knowledge of their business in order to become better advisors. Standard Life is continuing to provide to its representatives the ongoing training which will ensure they remain among the best-trained and most competent in the field.



## GROUP LIFE & PENSIONS



**F**or the first time in the company's history, insured premium income for the pension business exceeded \$100 million to reach \$105.1 million in 1982. This was a welcome reversal of the decline noted last year, and represents an increase of 39.4% in insured premium income.

While income from traditional group annuity and deposit administration decreased somewhat, we experienced continued success with other instruments to overcome this market trend. Among these were the important contribution from single premium annuities, and the doubling of Tri-Plan premium income for the second straight year (now up to \$10 million).

The economic recession caused financial officers in many companies to seek out new ways of cutting expenditures, and resulted in a substantial number of early retirements. In addition, high interest rates during 1982 made annuity purchases an attractive investment opportunity and a means of reducing corporate cash flow otherwise required under many pension plans. The end result was that our single premium income rose to \$58.5 million, surpassing all previous records.

Group life premium income also increased, but by a very modest 3.9%. There remains, however, much room for growth in our group life business and we are taking positive steps to increase our share of this market, beginning in 1983.

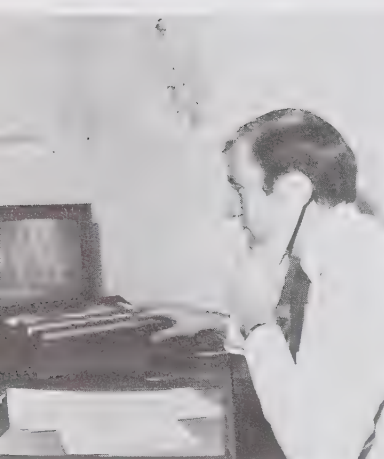
During 1982, we continued the process of streamlining our administrative operations at Head Office with the result that productivity improved substantially. The very challenging objectives established in this area with respect to service and profitability require the utmost attention to efficiency and productivity and, in this regard, our staff has responded extremely well.

While our results for the year were very encouraging in general, we cannot lose sight of the fact that legislative and regulatory changes affecting the pension business are on the horizon. The recent publication of the Federal Green Paper on the subject of retirement income will receive considerable attention over the next few months. We expect this will have a significant impact on the future direction of the pension industry and we intend to be intimately involved in the many debates and discussions which will ensue.

Standard Life, long the Canadian leader in the area of group pensions, will continue to maintain that position through innovation, creativity and flexibility in a rapidly changing market.



## INVESTMENTS



**N**et investment income increased by 12% to \$197 million. The yield on book value of investments increased to 11.40%, up from 11.02% a year ago.

The recession of 1981 deepened during 1982, creating the worst economic environment Canada has seen since the 1930's. Rapid movement from the previous inflationary environment to one of deflation severely impacted the economy, corporate profits, unemployment and financial markets. The most important feature of 1982 was the sharp decline in interest rates which allowed for some easing of the severe economic conditions. By year-end there were signs that the worst of the recession was over and that a moderate non-inflationary economic recovery was beginning.

As pointed out last year, we had made substantial forward commitments in bonds and mortgages throughout 1981 as interest rates reached record levels. Substantial market value improvement has taken place in these investments throughout 1982. With the sharp decline in equities and real estate values, we advanced our requirements for these particular types of investments.



The value of our equity portfolio increased 3.7% in 1982 compared with a decline of 4.7% in the Toronto Stock Exchange 300 Index. Over the last three-year period the value of our Canadian public equity portfolio rose 29.4% versus a 19% increase for the TSE. U.S. equities were up 43.5% compared to increases of 37.2% for Standard and Poor's 500 and 29.8% for the Dow Jones Industrial Index.

The market value of our real estate portfolio continues to increase, reaching \$333 million at year end, an increase of \$41 million. Several acquisitions were completed during the year, the largest being the purchase of "Glenmore Centre" in Calgary consisting of 17 office/warehouse buildings on 37 acres of land.

By year-end, agreement in principle had been reached for the purchase of a major development site in the downtown core of Toronto, at the south-east corner of King and York Streets. An office building providing over 500,000 square feet of rentable space is planned for the site with construction expected to commence by late summer of 1983.

Total assets under management increased by 20% to \$3.9 billion at market. In the investment management area, total assets increased from \$1.48 billion to \$1.73 billion, a 17% increase. Included in these assets are the assets under management of our subsidiary, Standard Life Portfolio Management Limited, which increased about 15% to \$613 million at market.



One of the challenges of a company such as Standard Life, in an era of double-digit inflation, is to control the growth of management expenses while, at the same time, allowing for the undertaking of essential projects. This is vital for the protection of the premiums entrusted to us by policyholders. This challenge was met with success in 1982. The future, however, promises to be no less difficult and will require continuing efforts in this regard.

At the same time we implemented a number of planned service improvements in fulfilling the established corporate goal of being a leader in service to policyholders and clients in the life insurance industry.

In the data processing area, we made major acquisitions of computer software which will enable us to handle more efficiently the administration of the new types of policies being demanded in the marketplace. In addition, we have begun the process of converting all our records to a true data base environment. This development will allow for significant reductions in paperwork in the handling of our business, particularly with regard to policyholder service.

Reference has already been made to the installation of an on-line annuity quotation system in the branches, and the effect this has had on the overall sales picture. By continuing to invest in the most technologically advanced systems, we feel we are protecting the policyholders' interests and at the same time enhancing our ability to

generate and service new business.

Another example of this trend was the implementation, during 1982, of direct electronic funds transfers for the payment of annuities. This system was first considered last year and annuitants have been given the option of having their payments deposited directly into their account at any bank, trust company or other financial institution in Canada. To date, some 60% of our 40,000 annuitants have taken advantage of this offer. The advantage to them is the speed and reliability of the service. For the company, this system also represents savings in postage and handling.

Our organization is not entirely inward-looking. We feel we have benefitted from our presence in our various communities, and have committed ourselves to fulfilling our corporate and social responsibilities to the community. In this regard, we continue to sponsor amateur sports broadcasts on major radio stations in the cities across Canada where we are represented. This and other activities underline our commitment to amateur sports. We have also begun a programme of raising our profile in the community through other publicity efforts which will increase during our anniversary year.

The 150th anniversary of the Company in Canada will be celebrated in 1983. While as a company we plan to mark this event in a number of ways, it is particularly pleasing to note the emergence of a series of charitable fund-raising activities in 1982, largely at the initiative of our employees.

In addition to the funds raised for charity, these activities are indicative of company spirit and employee morale which will serve us well into the future.

As we begin the 150th year of the Standard Life in Canada, we are confident that we have the resources, financial and human, to face the future with the same degree of confidence and success which characterized our first 150 years.



## *Canadian Branch*

### *Statement of Financial Position as at November 15*

*(in thousands of Canadian dollars)*

	1982	1981
<b>ASSETS</b>		
Bonds and debentures		
Government	\$ 298,705	\$ 324,232
Corporate	351,913	331,235
Stocks		
Common	158,662	129,005
Preferred	57,063	53,101
Mortgages	826,584	767,173
Real estate		
Company buildings—at cost less accumulated depreciation of \$5,017 (1981—\$4,882)	4,344	4,479
Held for investment—at cost less accumulated depreciation of \$41,068 (1981—\$34,939)	134,006	103,578
Loans to policyholders	50,168	46,201
Cash and short term deposits	79,350	39,705
Segregated fund net assets	1,129,310	952,070
Investments in subsidiary and associated companies	4,029	6,240
Investment income—due and accrued	25,394	24,511
Other assets	10,966	11,048
	<u>\$3,130,494</u>	<u>\$2,792,578</u>
<b>LIABILITIES</b>		
Actuarial liabilities (note 4)	\$ 1,600,116	\$ 1,463,577
Policy benefits payable and provision for unreported claims	3,234	3,019
Provision for dividends payable to policyholders	21,497	20,429
Amounts left at interest	7,796	3,290
Segregated fund liability to policyholders	1,129,310	952,070
Other liabilities	30,440	30,266
Excess of assets in Canada over liabilities (including reserve for fluctuations in investment values) (note 5a)	338,101	319,927
	<u>\$3,130,494</u>	<u>\$2,792,578</u>

## *Canadian Branch*

### *Statement of Operations Year Ended November 15* *(in thousands of Canadian dollars)*

	1982	1981
<b>INCOME</b>		
Premiums including segregated funds— \$146,581 (1981—\$164,615)	\$344,659	\$306,422
Investment income less investment expenses	196,606	175,643
Net gain on disposal of investments	2,072	4,662
Net investment income (loss) on segregated funds (including realized and unrealized appreciation and depreciation)	160,529	(32,377)
Other income	6,964	6,727
	<u>\$710,830</u>	<u>\$461,077</u>
<b>THIS INCOME WAS USED FOR</b>		
Payments to policyholders and beneficiaries		
Death and disability benefits	\$ 8,881	\$ 9,175
Surrender values and matured endowments	45,608	32,109
Dividends and interest	20,094	19,138
Annuity payments	90,733	72,908
Segregated fund payments (note 3)	129,870	253,629
	<u>295,186</u>	<u>386,959</u>
Increase in actuarial liabilities required for future payments to policyholders and beneficiaries (note 4)	136,539	112,650
Increase (decrease) in liability to segregated fund policyholders	177,240	(121,391)
Operating expenses, taxes and commissions	47,571	30,856
Increase in excess of assets in Canada over liabilities	54,294	52,003
	<u>\$710,830</u>	<u>\$461,077</u>

*Extracts from  
the Report and Accounts  
of the Company  
as at November 15*

The financial statements presented elsewhere in this review reflect the operations of the Canadian Branch of The Standard Life Assurance Company. The company, which is headquartered in Edinburgh, Scotland, has substantial operations in both the United Kingdom and the Republic of Ireland. The total resources of the company are available to meet the claims

of policyholders in Canada, the United Kingdom and the Republic of Ireland.

Below are extracts from the Report and Accounts of the company's operations as at November 15. These figures are reported in pounds sterling, as required in the United Kingdom, and include the Canadian Operations.

	1982	1981
	£ 000	
<b>TOTAL FUNDS</b>	<b>£4,370,188</b>	<b>£3,549,664</b>
Represented by: —		
Bonds & debentures	1,927,753	1,321,890
Stocks	2,067,225	1,429,919
Mortgages	484,867	353,406
Real estate	948,410	814,128
Cash & short term deposits	234,011	133,873
Other assets	39,825	38,362
Sub total—at market value	5,702,091	4,091,578
Less: Miscellaneous current liabilities	76,846	50,461
Investment reserve against fluctuations in market values	1,255,057	491,453
	<b>£4,370,188</b>	<b>£3,549,664</b>
<b>INCOME</b>		
Premiums	525,347	462,868
Investment income	420,144	340,260
	<b>£ 945,491</b>	<b>£ 803,128</b>
<b>EXPENDITURE</b>		
Annuity payments	79,436	61,487
Returns of accumulated pension contributions	108,446	140,805
Other payments to policyholders and beneficiaries	107,137	90,795
Operating expenses, taxes and commissions	109,186	82,557
	<b>£ 404,205</b>	<b>£ 375,644</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>	<b>541,286</b>	<b>427,484</b>
Change in value of assets held for investment-linked policies	104,708	(52,456)
Change in exchange value of non-sterling assets	159,530	249,279
Funds transferred from investment reserve	15,000	—
<b>ADDITION TO FUNDS</b>	<b>£ 820,524</b>	<b>£ 624,307</b>

## DIRECTORS

R.C. Smith, C.B.E., LL.D., C.A.  
Chairman  
N. Lessels, C.A.  
Deputy Chairman  
C.A. Crole, C.A.  
J.G.S. Gammell, M.B.E., C.A.  
A.M. Hodge, G.C., V.R.D., D.L., W.S.  
H.W. Macdonell, Q.C.  
B.D. Misselbrook, C.B.E., D.Sc., F.R.S.E.  
W.D. Mulholland, M.B.A.  
T.N. Risk  
L.G. Rolland  
J.F.H. Trott  
Sir Eric Yarrow, Bt., M.B.E., D.L.

## CANADIAN INVESTMENT ADVISORY COMMITTEE

L.G. Rolland, President & Chief Executive Officer  
Rolland inc.  
W.D. Mulholland, Chairman & Chief Executive Officer  
Bank of Montreal  
H.W. Macdonell, Q.C., Partner  
McCarthy & McCarthy  
A.S. Fernie, President, Canadian Operations  
A.I. MacTier, Senior Vice-President & Secretary

## OFFICERS IN CANADA

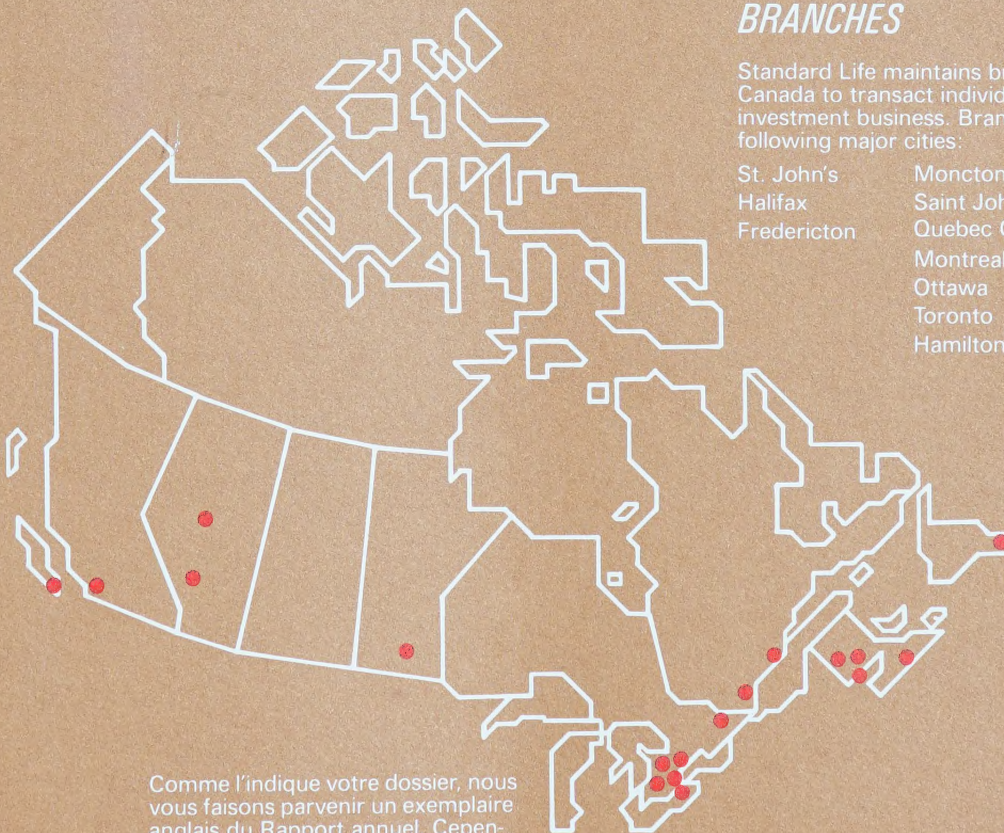
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